

CENTRAL AMERICA REPORT*
Week of 15 February 1982KEY DEVELOPMENTS

Increased cooperation among Salvadoran insurgent factions is strengthening their potential for disrupting the elections. The government, however, has taken steps to reduce the effect of guerrilla attempts to intimidate voters.

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[REDACTED] This is contributing to increasing insurgent success in assaulting military outposts, taking over towns, interdicting major roadways, and sabotaging the economic infrastructure. The guerrillas have also improved their ability to strike civilian and military targets on schedule, as demonstrated in recent assaults on towns in San Vicente and Usulután departments and in the sabotage of aircraft in January (see map 1).

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The insurgents' concern over the elections is reflected in plans calling for concentrated actions in San Salvador, including stepped up terrorism and a mortar attack against the main Army barracks in mid-March. They also hope to launch probing attacks against key eastern cities such as Usulután, San Vicente, San Miguel, and San Francisco. These are intended to determine the

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minimum forces needed to strike at as many urban centers as possible during the 26-28 March election weekend.

To divert government troops from the east, the insurgents reportedly will also stage attacks in the western departments of Santa Ana, Sonsonate, and Ahuachapan. These strikes could take place before the end of February and may include an assault against the Army's 2nd Brigade headquarters in the city of Santa Ana.

The government is concerned that--despite recent decisions by the OAS and the UK to send observers--the growing insurgent threat and use of intimidation will reduce voter turnout and discredit the electoral process. As a result, the junta has revised the electoral law to allow citizens to vote outside their departments of record.

To protect voters from guerrilla reprisals, the government has also stipulated that identity cards will not be stamped during balloting. Moreover, the government now intends to use invisible--instead of indelible--ink on the thumbs of voters. Monitoring by black lights will thus ensure participant anonymity, while also protecting against multiple voting.

Nevertheless, if insurgents carry out extensive operations on election day, security forces will be spread too thin to assure orderly balloting.

NICARAGUA

Military Buildup

-- Some 15 underground tanks are being installed at Montelimar airfield, probably for jet fuel.

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- The airfield, however, still lacks support facilities necessary to sustain jet operations.
- Spain has temporarily frozen the sale of four C-212 aircraft to Nicaragua in order to review policy implications.
- The partially-completed road linking central Nicaragua to Puerto Cabezas on the east coast is already being used for military convoys (see map 2).
- Increased anti-Sandinista activity has caused the evacuation of about 200 Cubans working on the project.

Political/Economic Developments

- The Sandinistas, responding to international concerns, have admitted moving 8,500 Miskito Indians from the Honduran border to resettlement camps in the Nicaraguan interior.
- The relocation efforts--probably will continue for some time and may involve all Indian communities north of the road to Puerto Cabezas.
- The recent release of the three jailed businessmen--at the behest of Mexican President Lopez Portillo--is viewed by private sector leaders as a further indication of Sandinista sensitivity to international opinion.
- Junta coordinator Daniel Ortega, however, has warned the private sector that continued criticism of government political and economic policies will jeopardize pluralism and a mixed economy.
- Coffee rust has been discovered in the productive northern growing region and could devastate the coffee crop--the source of 25 percent of foreign exchange earnings last year.

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GUATEMALAGuerrilla Activities

- [] reporting gives an updated picture of each 25X1
of the four principal guerrilla groups.
- The largest group, the Guerrilla Army of the Poor, is sophisticated and thorough in planning and staging its operations: it takes into consideration government defenses, local attitudes, activities of other guerrilla groups in the target area, and other factors.
- The second largest guerrilla group, the Organization of People in Arms, is ideologically divided and still recovering from a government campaign last year that destroyed much of its urban-based strength.
- The third largest group, the Rebel Armed Forces, is increasing its operations in several areas of the country--including the northern panhandle region that borders on Mexico--and likely will profit from the recent return to Guatemala of its principal leader.
- The smallest group, the dissident faction of the Guatemalan Communist Party, hopes its improved organization and increasing willingness to engage in small-scale armed actions will raise its stock with the rest of the guerrilla coalition.

Government Response

- The Army will remain on a general alert until after the 7 March election, but its plans to step up counterinsurgency efforts are encountering problems.

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- Increased operations in the Western Highlands and along the Mexican border continue to stretch troop levels, especially in the capital.
 - Problems recruiting troops for the Army's three new battalions suggest defects in call-up procedures for reserve personnel.
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- give some credence to government claims that insurgents were responsible for the recent murder of about 50 Indians, but we have no information yet on who murdered a US priest on 13 February.

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Political/Economic Developments

- Opposition political figures continue to express concern that violence and fraud will discredit the 7 March election.
- Low world commodity prices and overdue payments from Common Market partners will reduce international reserves by at least \$80 million from December to June.
- Guatemala will be unable to secure foreign commercial loans for balance of payments support before the election.
- The government is discussing replacing the present standby agreement with the IMF with one that would allow a \$50 million loan to ease balance of payments difficulties.

OTHER DEVELOPMENTS

Honduras: Some senior military officers reportedly oppose increased cooperation with the Salvadoran armed forces because they believe them to be infiltrated by guerrilla supporters.

Honduran leftist organizations continue to send personnel to Nicaragua and Cuba for political and military training. Honduran authorities recently captured several returning trainees, causing the Honduran Communist Party to cancel further travel until the situation can be reassessed.

Costa Rica: President-elect Monge's prospective cabinet nominees will constitute a strong economic team. Their selection will reassure the IMF and other international financial institutions and should lead to the implementation of badly needed austerity measures--despite expected protests from the more free-spending wing of Monge's party.

Mexico: President Lopez Portillo will make a major address on Central America during his visit to Nicaragua beginning on 21 February. He has promised US officials that he will admonish the Sandinistas about their military buildup and the need to preserve political pluralism. In the past, however, Lopez Portillo has pulled his punches, and he may do

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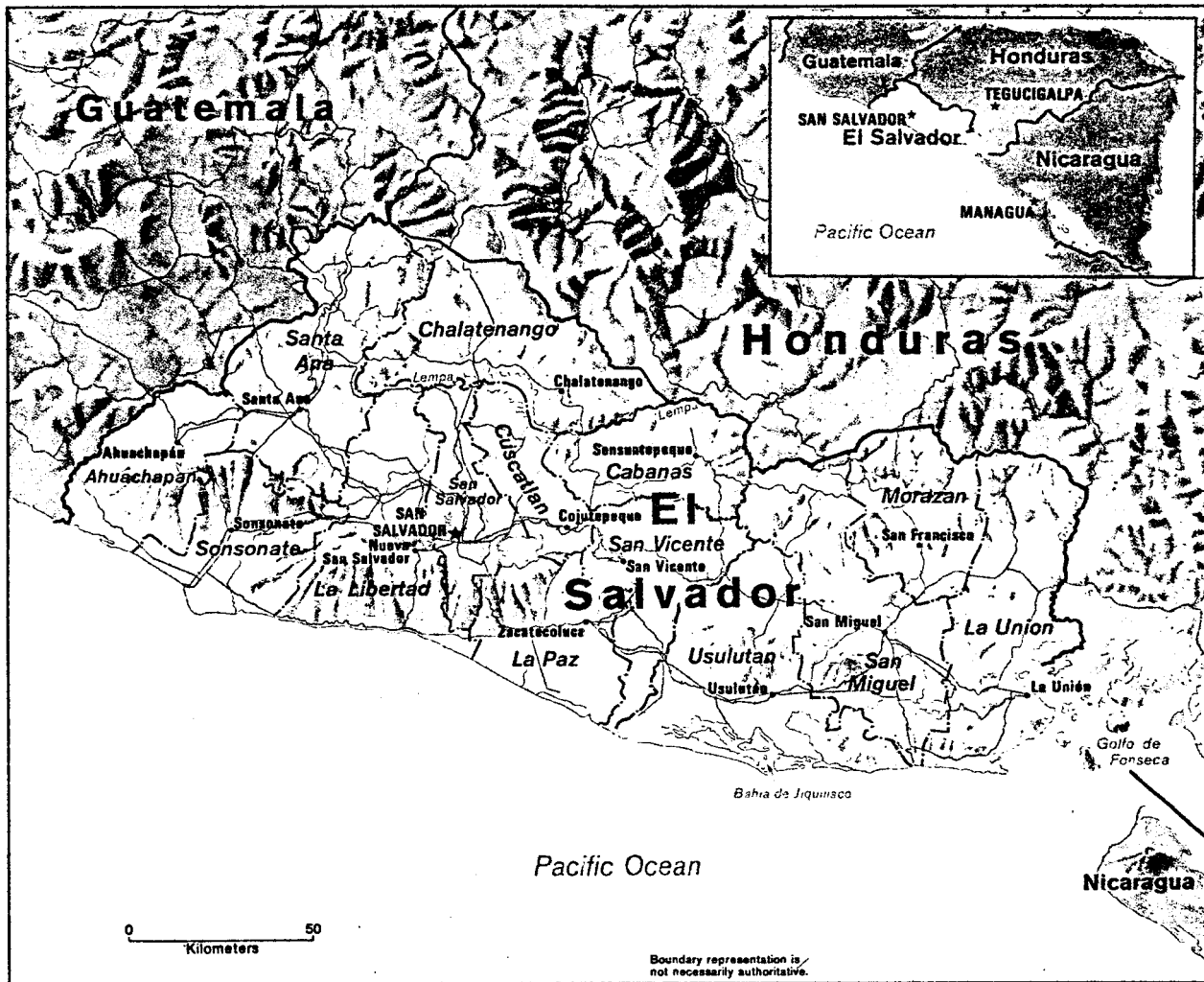
so again, given the lavish welcome that the Sandinistas are preparing.

Mexico's continued support for the Sandinistas, despite its growing misgivings, is reflected not only by Lopez Portillo's visit but also by the willingness of the Mexican-sponsored Permanent Conference of Latin American Political Parties to hold its current meeting in Managua.

The arrest of five members of a Guatemalan guerrilla support group operating in southern Mexico may represent another effort by the Mexican government to allay security force unease about the potential for unrest in the border region. Given its sympathy for revolutionary groups in Central America, the Lopez Portillo administration is unwilling to return the guerrillas to Guatemala. Their subsequent deportation to Cuba suggests that Mexico City and Havana have agreed on a mechanism to handle such cases.

Belize: The visit in late January of a Cuban trade mission has sparked negative public reaction. Havana's offer to purchase surplus Belizean corn at a high price, however, will keep open the possibility of increased trade ties.

MAP 1



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